

1 **TITLE VII—OTHER PROVISIONS**

2 **Subtitle A—ATM Fee Reform**

3 **SEC. 701. SHORT TITLE.**

4 This subtitle may be cited as the “ATM Fee Reform
5 Act of 1999”.

6 **SEC. 702. ELECTRONIC FUND TRANSFER FEE DISCLOSURES**

7 **AT ANY HOST ATM.**

8 Section 904(d) of the Electronic Fund Transfer Act
9 (15 U.S.C. 1693b(d)) is amended by adding at the end
10 the following new paragraph:

11 “(3) FEE DISCLOSURES AT AUTOMATED TELL-
12 ER MACHINES.—

13 “(A) IN GENERAL.—The regulations pre-
14 scribed under paragraph (1) shall require any
15 automated teller machine operator who imposes
16 a fee on any consumer for providing host trans-
17 fer services to such consumer to provide notice
18 in accordance with subparagraph (B) to the
19 consumer (at the time the service is provided)
20 of—

21 “(i) the fact that a fee is imposed by
22 such operator for providing the service;
23 and

24 “(ii) the amount of any such fee.

25 “(B) NOTICE REQUIREMENTS.—

1 “(i) ON THE MACHINE.—The notice
2 required under clause (i) of subparagraph
3 (A) with respect to any fee described in
4 such subparagraph shall be posted in a
5 prominent and conspicuous location on or
6 at the automated teller machine at which
7 the electronic fund transfer is initiated by
8 the consumer.

9 “(ii) ON THE SCREEN.—The notice
10 required under clauses (i) and (ii) of sub-
11 paragraph (A) with respect to any fee de-
12 scribed in such subparagraph shall appear
13 on the screen of the automated teller ma-
14 chine, or on a paper notice issued from
15 such machine, after the transaction is initi-
16 ated and before the consumer is irrev-
17 ocably committed to completing the trans-
18 action, except that during the period begin-
19 ning on the date of the enactment of the
20 Gramm-Leach-Bliley Act and ending on
21 December 31, 2004, this clause shall not
22 apply to any automated teller machine that
23 lacks the technical capability to disclose
24 the notice on the screen or to issue a paper
25 notice after the transaction is initiated and

1 before the consumer is irrevocably com-
2 mitted to completing the transaction.

3 “(C) PROHIBITION ON FEES NOT PROP-
4 ERLY DISCLOSED AND EXPLICITLY ASSUMED BY
5 CONSUMER.—No fee may be imposed by any
6 automated teller machine operator in connec-
7 tion with any electronic fund transfer initiated
8 by a consumer for which a notice is required
9 under subparagraph (A), unless—

10 “(i) the consumer receives such notice
11 in accordance with subparagraph (B); and

12 “(ii) the consumer elects to continue
13 in the manner necessary to effect the
14 transaction after receiving such notice.

15 “(D) DEFINITIONS.—For purposes of this
16 paragraph, the following definitions shall apply:

17 “(i) AUTOMATED TELLER MACHINE
18 OPERATOR.—The term ‘automated teller
19 machine operator’ means any person
20 who—

21 “(I) operates an automated teller
22 machine at which consumers initiate
23 electronic fund transfers; and

24 “(II) is not the financial institu-
25 tion that holds the account of such

1 consumer from which the transfer is
2 made.

3 “(ii) ELECTRONIC FUND TRANS-
4 FER.—The term ‘electronic fund transfer’
5 includes a transaction that involves a bal-
6 ance inquiry initiated by a consumer in the
7 same manner as an electronic fund trans-
8 fer, whether or not the consumer initiates
9 a transfer of funds in the course of the
10 transaction.

11 “(iii) HOST TRANSFER SERVICES.—
12 The term ‘host transfer services’ means
13 any electronic fund transfer made by an
14 automated teller machine operator in con-
15 nection with a transaction initiated by a
16 consumer at an automated teller machine
17 operated by such operator.”.

18 **SEC. 703. DISCLOSURE OF POSSIBLE FEES TO CONSUMERS**
19 **WHEN ATM CARD IS ISSUED.**

20 Section 905(a) of the Electronic Fund Transfer Act
21 (15 U.S.C. 1693c(a)) is amended—

22 (1) by striking “and” at the end of paragraph
23 (8);

24 (2) by striking the period at the end of para-
25 graph (9) and inserting “; and”; and

1 (3) by inserting after paragraph (9) the fol-
2 lowing new paragraph:

3 “(10) a notice to the consumer that a fee may
4 be imposed by—

5 “(A) an automated teller machine operator
6 (as defined in section 904(d)(3)(D)(i)) if the
7 consumer initiates a transfer from an auto-
8 mated teller machine that is not operated by
9 the person issuing the card or other means of
10 access; and

11 “(B) any national, regional, or local net-
12 work utilized to effect the transaction.”.

13 **SEC. 704. FEASIBILITY STUDY.**

14 (a) IN GENERAL.—The Comptroller General of the
15 United States shall conduct a study of the feasibility of
16 requiring, in connection with any electronic fund transfer
17 initiated by a consumer through the use of an automated
18 teller machine—

19 (1) a notice to be provided to the consumer be-
20 fore the consumer is irrevocably committed to com-
21 pleting the transaction, which clearly states the
22 amount of any fee that will be imposed upon the
23 consummation of the transaction by—

24 (A) any automated teller machine operator
25 (as defined in section 904(d)(3)(D)(i) of the

1 Electronic Fund Transfer Act) involved in the
2 transaction;

3 (B) the financial institution holding the ac-
4 count of the consumer;

5 (C) any national, regional, or local network
6 utilized to effect the transaction; and

7 (D) any other party involved in the trans-
8 fer; and

9 (2) the consumer to elect to consummate the
10 transaction after receiving the notice described in
11 paragraph (1).

12 (b) FACTORS TO BE CONSIDERED.—In conducting
13 the study required under subsection (a) with regard to the
14 notice requirement described in such subsection, the
15 Comptroller General shall consider the following factors:

16 (1) The availability of appropriate technology.

17 (2) Implementation and operating costs.

18 (3) The competitive impact any such notice re-
19 quirement would have on various sizes and types of
20 institutions, if implemented.

21 (4) The period of time that would be reasonable
22 for implementing any such notice requirement.

23 (5) The extent to which consumers would ben-
24 efit from any such notice requirement.

1 (6) Any other factor the Comptroller General
2 determines to be appropriate in analyzing the feasi-
3 bility of imposing any such notice requirement.

4 (c) REPORT TO THE CONGRESS.—Before the end of
5 the 6-month period beginning on the date of the enact-
6 ment of this Act, the Comptroller General shall submit
7 a report to the Congress containing—

8 (1) the findings and conclusions of the Comp-
9 troller General in connection with the study required
10 under subsection (a); and

11 (2) the recommendation of the Comptroller
12 General with regard to the question of whether a no-
13 tice requirement described in subsection (a) should
14 be implemented and, if so, the manner in which such
15 requirement should be implemented.

16 **SEC. 705. NO LIABILITY IF POSTED NOTICES ARE DAM-**
17 **AGED.**

18 Section 910 of the Electronic Fund Transfer Act (15
19 U.S.C. 1693h) is amended by adding at the end the fol-
20 lowing new subsection:

21 “(d) EXCEPTION FOR DAMAGED NOTICES.—If the
22 notice required to be posted pursuant to section
23 904(d)(3)(B)(i) by an automated teller machine operator
24 has been posted by such operator in compliance with such
25 section and the notice is subsequently removed, damaged,

1 or altered by any person other than the operator of the
2 automated teller machine, the operator shall have no li-
3 ability under this section for failure to comply with section
4 904(d)(3)(B)(i).’.

5 **Subtitle B—Community**
6 **Reinvestment**

7 **SEC. 711. CRA SUNSHINE REQUIREMENTS.**

8 The Federal Deposit Insurance Act (12 U.S.C. 1811
9 et seq.) is amended by inserting after section 47, as added
10 by section 305 of this Act, the following new section:

11 **“SEC. 48. CRA SUNSHINE REQUIREMENTS.**

12 “(a) PUBLIC DISCLOSURE OF AGREEMENTS.—Any
13 agreement (as defined in subsection (e)) entered into after
14 the date of the enactment of the Gramm-Leach-Bliley Act
15 by an insured depository institution or affiliate with a non-
16 governmental entity or person made pursuant to or in con-
17 nection with the Community Reinvestment Act of 1977
18 involving funds or other resources of such insured deposi-
19 tory institution or affiliate—

20 “(1) shall be in its entirety fully disclosed, and
21 the full text thereof made available to the appro-
22 priate Federal banking agency with supervisory re-
23 sponsibility over the insured depository institution
24 and to the public by each party to the agreement;
25 and

1 “(2) shall obligate each party to comply with
2 this section.

3 “(b) ANNUAL REPORT OF ACTIVITY BY INSURED DE-
4 POSITORY INSTITUTION.—Each insured depository insti-
5 tution or affiliate that is a party to an agreement de-
6 scribed in subsection (a) shall report to the appropriate
7 Federal banking agency with supervisory responsibility
8 over the insured depository institution, not less frequently
9 than once each year, such information as the Federal
10 banking agency may by rule require relating to the fol-
11 lowing actions taken by the party pursuant to the agree-
12 ment during the preceding 12-month period:

13 “(1) Payments, fees, or loans made to any
14 party to the agreement or received from any party
15 to the agreement and the terms and conditions of
16 the same.

17 “(2) Aggregate data on loans, investments, and
18 services provided by each party in its community or
19 communities pursuant to the agreement.

20 “(3) Such other pertinent matters as deter-
21 mined by regulation by the appropriate Federal
22 banking agency with supervisory responsibility over
23 the insured depository institution.

24 “(c) ANNUAL REPORT OF ACTIVITY BY NONGOVERN-
25 MENTAL ENTITIES.—

1 “(1) IN GENERAL.—Each nongovernmental en-
2 tity or person that is not an affiliate of an insured
3 depository institution and that is a party to an
4 agreement described in subsection (a) shall report to
5 the appropriate Federal banking agency with super-
6 visory responsibility over the insured depository in-
7 stitution that is a party to such agreement, not less
8 frequently than once each year, an accounting of the
9 use of funds received pursuant to each such agree-
10 ment during the preceding 12-month period.

11 “(2) SUBMISSION TO INSURED DEPOSITORY IN-
12 STITUTION.—A nongovernmental entity or person
13 referred to in paragraph (1) may comply with the
14 reporting requirement in such paragraph by trans-
15 mitting the report to the insured depository institu-
16 tion that is a party to the agreement, and such in-
17 sured depository institution shall promptly transmit
18 such report to the appropriate Federal banking
19 agency with supervisory authority over the insured
20 depository institution.

21 “(3) INFORMATION TO BE INCLUDED.—The ac-
22 counting referred to in paragraph (1) shall include
23 a detailed, itemized list of the uses to which such
24 funds have been made, including compensation, ad-
25 ministrative expenses, travel, entertainment, con-

1 sulting and professional fees paid, and such other
2 categories, as determined by regulation by the ap-
3 propriate Federal banking agency with supervisory
4 responsibility over the insured depository institution.

5 “(d) APPLICABILITY.—Subsections (b) and (c) shall
6 not apply with respect to any agreement entered into be-
7 fore the end of the 6-month period beginning on the date
8 of the enactment of the Gramm-Leach-Bliley Act.

9 “(e) DEFINITIONS.—

10 “(1) AGREEMENT.—For purposes of this sec-
11 tion, the term ‘agreement’—

12 “(A) means—

13 “(i) any written contract, written ar-
14 rangement, or other written understanding
15 that provides for cash payments, grants, or
16 other consideration with a value in excess
17 of \$10,000, or for loans the aggregate
18 amount of principal of which exceeds
19 \$50,000, annually (or the sum of all such
20 agreements during a 12-month period with
21 an aggregate value of cash payments,
22 grants, or other consideration in excess of
23 \$10,000, or with an aggregate amount of
24 loan principal in excess of \$50,000); or

1 “(ii) a group of substantively related
2 contracts with an aggregate value of cash
3 payments, grants, or other consideration in
4 excess of \$10,000, or with an aggregate
5 amount of loan principal in excess of
6 \$50,000, annually;

7 made pursuant to, or in connection with, the
8 fulfillment of the Community Reinvestment Act
9 of 1977, at least 1 party to which is an insured
10 depository institution or affiliate thereof, wheth-
11 er organized on a profit or not-for-profit basis;
12 and

13 “(B) does not include—

14 “(i) any individual mortgage loan;

15 “(ii) any specific contract or commit-
16 ment for a loan or extension of credit to
17 individuals, businesses, farms, or other en-
18 tities, if the funds are loaned at rates not
19 substantially below market rates and if the
20 purpose of the loan or extension of credit
21 does not include any re-lending of the bor-
22 rowed funds to other parties; or

23 “(iii) any agreement entered into by
24 an insured depository institution or affil-
25 iate with a nongovernmental entity or per-

1 son who has not commented on, testified
2 about, or discussed with the institution, or
3 otherwise contacted the institution, con-
4 cerning the Community Reinvestment Act
5 of 1977.

6 “(2) FULFILLMENT OF CRA.—For purposes of
7 subparagraph (A), the term ‘fulfillment’ means a list
8 of factors that the appropriate Federal banking
9 agency determines have a material impact on the
10 agency’s decision—

11 “(A) to approve or disapprove an applica-
12 tion for a deposit facility (as defined in section
13 803 of the Community Reinvestment Act of
14 1977); or

15 “(B) to assign a rating to an insured de-
16 pository institution under section 807 of the
17 Community Reinvestment Act of 1977.

18 “(f) VIOLATIONS.—

19 “(1) VIOLATIONS BY PERSONS OTHER THAN IN-
20 SURED DEPOSITORY INSTITUTIONS OR THEIR AF-
21 FILIATES.—

22 “(A) MATERIAL FAILURE TO COMPLY.—If
23 the party to an agreement described in sub-
24 section (a) that is not an insured depository in-
25 stitution or affiliate willfully fails to comply

1 with this section in a material way, as deter-
2 mined by the appropriate Federal banking
3 agency, the agreement shall be unenforceable
4 after the offending party has been given notice
5 and a reasonable period of time to perform or
6 comply.

7 “(B) DIVERSION OF FUNDS OR RE-
8 SOURCES.—If funds or resources received under
9 an agreement described in subsection (a) have
10 been diverted contrary to the purposes of the
11 agreement for personal financial gain, the ap-
12 propriate Federal banking agency with super-
13 visory responsibility over the insured depository
14 institution may impose either or both of the fol-
15 lowing penalties:

16 “(i) Disgorgement by the offending
17 individual of funds received under the
18 agreement.

19 “(ii) Prohibition of the offending indi-
20 vidual from being a party to any agree-
21 ment described in subsection (a) for a pe-
22 riod of not to exceed 10 years.

23 “(2) DESIGNATION OF SUCCESSOR NONGOVERN-
24 MENTAL PARTY.—If an agreement described in sub-
25 section (a) is found to be unenforceable under this

1 subsection, the appropriate Federal banking agency
2 may assist the insured depository institution in iden-
3 tifying a successor nongovernmental party to assume
4 the responsibilities of the agreement.

5 “(3) INADVERTENT OR DE MINIMIS REPORTING
6 ERRORS.—An error in a report filed under sub-
7 section (c) that is inadvertent or de minimis shall
8 not subject the filing party to any penalty.

9 “(g) RULE OF CONSTRUCTION.—No provision of this
10 section shall be construed as authorizing any appropriate
11 Federal banking agency to enforce the provisions of any
12 agreement described in subsection (a).

13 “(h) REGULATIONS.—

14 “(1) IN GENERAL.—Each appropriate Federal
15 banking agency shall prescribe regulations, in ac-
16 cordance with paragraph (4), requiring procedures
17 reasonably designed to ensure and monitor compli-
18 ance with the requirements of this section.

19 “(2) PROTECTION OF PARTIES.—In carrying
20 out paragraph (1), each appropriate Federal bank-
21 ing agency shall—

22 “(A) ensure that the regulations prescribed
23 by the agency do not impose an undue burden
24 on the parties and that proprietary and con-
25 fidential information is protected; and

1 “(B) establish procedures to allow any
2 nongovernmental entity or person who is a
3 party to a large number of agreements de-
4 scribed in subsection (a) to make a single or
5 consolidated filing of a report under subsection
6 (c) to an insured depository institution or an
7 appropriate Federal banking agency.

8 “(3) PARTIES NOT SUBJECT TO REPORTING RE-
9 QUIREMENTS.—The Board of Governors of the Fed-
10 eral Reserve System may prescribe regulations—

11 “(A) to prevent evasions of subsection
12 (e)(1)(B)(iii); and

13 “(B) to provide further exemptions under
14 such subsection, consistent with the purposes of
15 this section.

16 “(4) COORDINATION, CONSISTENCY, AND COM-
17 PARABILITY.—In carrying out paragraph (1), each
18 appropriate Federal banking agency shall consult
19 and coordinate with the other such agencies for the
20 purposes of assuring, to the extent possible, that the
21 regulations prescribed by each such agency are con-
22 sistent and comparable with the regulations pre-
23 scribed by the other such agencies.”.

1 **SEC. 712. SMALL BANK REGULATORY RELIEF.**

2 The Community Reinvestment Act of 1977 (12
3 U.S.C. 2901 et seq.) is amended by adding at the end
4 the following new section:

5 **“SEC. 809. SMALL BANK REGULATORY RELIEF.**

6 “(a) IN GENERAL.—Except as provided in sub-
7 sections (b) and (c), any regulated financial institution
8 with aggregate assets of not more than \$250,000,000
9 shall be subject to routine examination under this title—

10 “(1) not more than once every 60 months for
11 an institution that has achieved a rating of ‘out-
12 standing record of meeting community credit needs’
13 at its most recent examination under section 804;

14 “(2) not more than once every 48 months for
15 an institution that has received a rating of ‘satisfac-
16 tory record of meeting community credit needs’ at
17 its most recent examination under section 804; and

18 “(3) as deemed necessary by the appropriate
19 Federal financial supervisory agency, for an institu-
20 tion that has received a rating of less than ‘satisfac-
21 tory record of meeting community credit needs’ at
22 its most recent examination under section 804.

23 “(b) NO EXCEPTION FROM CRA EXAMINATIONS IN
24 CONNECTION WITH APPLICATIONS FOR DEPOSIT FACILI-
25 TIES.—A regulated financial institution described in sub-
26 section (a) shall remain subject to examination under this

1 title in connection with an application for a deposit facil-
2 ity.

3 “(c) DISCRETION.—A regulated financial institution
4 described in subsection (a) may be subject to more fre-
5 quent or less frequent examinations for reasonable cause
6 under such circumstances as may be determined by the
7 appropriate Federal financial supervisory agency.”.

8 **SEC. 713. FEDERAL RESERVE BOARD STUDY OF CRA LEND-**
9 **ING.**

10 The Board of Governors of the Federal Reserve Sys-
11 tem shall conduct a comprehensive study, in consultation
12 with the Chairman and Ranking Member of the Com-
13 mittee on Banking and Financial Services of the House
14 of Representatives and the Chairman and Ranking Mem-
15 ber of the Committee on Banking, Housing, and Urban
16 Affairs of the Senate, of the Community Reinvestment Act
17 of 1977, which shall focus on—

18 (1) the default rates;

19 (2) the delinquency rates; and

20 (3) the profitability;

21 of loans made in conformity with such Act, and report on
22 the study to such Committees not later than March 15,
23 2000. Such report and supporting data shall also be made
24 available by the Board of Governors of the Federal Re-
25 serve System to the public.

1 **SEC. 714. PRESERVING THE COMMUNITY REINVESTMENT**
2 **ACT OF 1977.**

3 Nothing in this Act shall be construed to repeal any
4 provision of the Community Reinvestment Act of 1977.

5 **SEC. 715. RESPONSIVENESS TO COMMUNITY NEEDS FOR FI-**
6 **NANCIAL SERVICES.**

7 (a) STUDY.—The Secretary of the Treasury, in con-
8 sultation with the Federal banking agencies (as defined
9 in section 3(z) of the Federal Deposit Insurance Act),
10 shall conduct a study of the extent to which adequate serv-
11 ices are being provided as intended by the Community Re-
12 investment Act of 1977, including services in low- and
13 moderate-income neighborhoods and for persons of modest
14 means, as a result of the enactment of this Act.

15 (b) REPORTS.—

16 (1) IN GENERAL.—The Secretary of the Treas-
17 ury shall—

18 (A) before March 15, 2000, submit a base-
19 line report to the Congress on the study con-
20 ducted pursuant to subsection (a); and

21 (B) before the end of the 2-year period be-
22 ginning on the date of the enactment of this
23 Act, in consultation with the Federal banking
24 agencies, submit a final report to the Congress
25 on the study conducted pursuant to subsection
26 (a).

1 (2) RECOMMENDATIONS.—The final report sub-
2 mitted under paragraph (1)(B) shall include such
3 recommendations as the Secretary determines to be
4 appropriate for administrative and legislative action
5 with respect to institutions covered under the Com-
6 munity Reinvestment Act of 1977.

7 **Subtitle C—Other Regulatory**
8 **Improvements**

9 **SEC. 721. EXPANDED SMALL BANK ACCESS TO S CORPORA-**
10 **TION TREATMENT.**

11 (a) STUDY.—The Comptroller General of the United
12 States shall conduct a study of—

13 (1) possible revisions to the rules governing S
14 corporations, including—

15 (A) increasing the permissible number of
16 shareholders in such corporations;

17 (B) permitting shares of such corporations
18 to be held in individual retirement accounts;

19 (C) clarifying that interest on investments
20 held for safety, soundness, and liquidity pur-
21 poses should not be considered to be passive in-
22 come;

23 (D) discontinuation of the treatment of
24 stock held by bank directors as a disqualifying

1 personal class of stock for such corporations;
2 and

3 (E) improving Federal tax treatment of
4 bad debt and interest deductions; and
5 (2) what impact such revisions might have on
6 community banks.

7 (b) REPORT TO THE CONGRESS.—Not later than 6
8 months after the date of the enactment of this Act, the
9 Comptroller General of the United States shall submit a
10 report to the Congress on the results of the study con-
11 ducted under subsection (a).

12 (c) DEFINITION.—For purposes of this section, the
13 term “S corporation” has the meaning given the term in
14 section 1361(a)(1) of the Internal Revenue Code of 1986.

15 **SEC. 722. “PLAIN LANGUAGE” REQUIREMENT FOR FEDERAL**
16 **BANKING AGENCY RULES.**

17 (a) IN GENERAL.—Each Federal banking agency
18 shall use plain language in all proposed and final
19 rulemakings published by the agency in the Federal Reg-
20 ister after January 1, 2000.

21 (b) REPORT.—Not later than March 1, 2001, each
22 Federal banking agency shall submit to the Congress a
23 report that describes how the agency has complied with
24 subsection (a).

1 (c) DEFINITION.—For purposes of this section, the
2 term “Federal banking agency” has the meaning given
3 that term in section 3 of the Federal Deposit Insurance
4 Act.

5 **SEC. 723. RETENTION OF “FEDERAL” IN NAME OF CON-**
6 **VERTED FEDERAL SAVINGS ASSOCIATION.**

7 Section 2 of the Act entitled “An Act to enable na-
8 tional banking associations to increase their capital stock
9 and to change their names or locations”, approved May
10 1, 1886 (12 U.S.C. 30), is amended by adding at the end
11 the following new subsection:

12 “(d) RETENTION OF ‘FEDERAL’ IN NAME OF CON-
13 VERTED FEDERAL SAVINGS ASSOCIATION.—

14 “(1) IN GENERAL.—Notwithstanding subsection
15 (a) or any other provision of law, any depository in-
16 stitution, the charter of which is converted from that
17 of a Federal savings association to a national bank
18 or a State bank after the date of the enactment of
19 the Gramm-Leach-Bliley Act may retain the term
20 ‘Federal’ in the name of such institution if such in-
21 stitution remains an insured depository institution.

22 “(2) DEFINITIONS.—For purposes of this sub-
23 section, the terms ‘depository institution’, ‘insured
24 depository institution’, ‘national bank’, and ‘State

1 bank' have the meanings given those terms in sec-
2 tion 3 of the Federal Deposit Insurance Act.”.

3 **SEC. 724. CONTROL OF BANKERS' BANKS.**

4 Section 2(a)(5)(E)(i) of the Bank Holding Company
5 Act of 1956 (12 U.S.C. 1841(a)(5)(E)(i)) is amended by
6 inserting “1 or more” before “thrift institutions”.

7 **SEC. 725. PROVISION OF TECHNICAL ASSISTANCE TO**
8 **MICROENTERPRISES.**

9 Title I of the Riegle Community Development and
10 Regulatory Improvement Act of 1994 (12 U.S.C. 4701 et
11 seq.) is amended by adding at the end the following new
12 subtitle:

13 **“Subtitle C—Microenterprise Tech-**
14 **nical Assistance and Capacity**
15 **Building Program**

16 **“SEC. 171. SHORT TITLE.**

17 “This subtitle may be cited as the ‘Program for In-
18 vestment in Microentrepreneurs Act of 1999’, also re-
19 ferred to as the ‘PRIME Act’.

20 **“SEC. 172. DEFINITIONS.**

21 “For purposes of this subtitle, the following defini-
22 tions shall apply:

23 “(1) ADMINISTRATION.—The term ‘Administra-
24 tion’ means the Small Business Administration.

1 “(2) ADMINISTRATOR.—The term ‘Adminis-
2 trator’ means the Administrator of the Small Busi-
3 ness Administration.

4 “(3) CAPACITY BUILDING SERVICES.—The term
5 ‘capacity building services’ means services provided
6 to an organization that is, or that is in the process
7 of becoming, a microenterprise development organi-
8 zation or program, for the purpose of enhancing its
9 ability to provide training and services to disadvan-
10 taged entrepreneurs.

11 “(4) COLLABORATIVE.—The term ‘collabo-
12 rative’ means 2 or more nonprofit entities that agree
13 to act jointly as a qualified organization under this
14 subtitle.

15 “(5) DISADVANTAGED ENTREPRENEUR.—The
16 term ‘disadvantaged entrepreneur’ means a micro-
17 entrepreneur that is—

18 “(A) a low-income person;

19 “(B) a very low-income person; or

20 “(C) an entrepreneur that lacks adequate
21 access to capital or other resources essential for
22 business success, or is economically disadvan-
23 taged, as determined by the Administrator.

24 “(6) INDIAN TRIBE.—The term ‘Indian tribe’
25 has the meaning given the term in section 103.

1 “(7) INTERMEDIARY.—The term ‘intermediary’
2 means a private, nonprofit entity that seeks to serve
3 microenterprise development organizations and pro-
4 grams as authorized under section 175.

5 “(8) LOW-INCOME PERSON.—The term ‘low-in-
6 come person’ has the meaning given the term in sec-
7 tion 103.

8 “(9) MICROENTREPRENEUR.—The term ‘micro-
9 entrepreneur’ means the owner or developer of a
10 microenterprise.

11 “(10) MICROENTERPRISE.—The term ‘micro-
12 enterprise’ means a sole proprietorship, partnership,
13 or corporation that—

14 “(A) has fewer than 5 employees; and

15 “(B) generally lacks access to conventional
16 loans, equity, or other banking services.

17 “(11) MICROENTERPRISE DEVELOPMENT ORGA-
18 NIZATION OR PROGRAM.—The term ‘microenterprise
19 development organization or program’ means a non-
20 profit entity, or a program administered by such an
21 entity, including community development corpora-
22 tions or other nonprofit development organizations
23 and social service organizations, that provides serv-
24 ices to disadvantaged entrepreneurs.

1 “(12) TRAINING AND TECHNICAL ASSIST-
2 ANCE.—The term ‘training and technical assistance’
3 means services and support provided to disadvan-
4 taged entrepreneurs, such as assistance for the pur-
5 pose of enhancing business planning, marketing,
6 management, financial management skills, and as-
7 sistance for the purpose of accessing financial serv-
8 ices.

9 “(13) VERY LOW-INCOME PERSON.—The term
10 ‘very low-income person’ means having an income,
11 adjusted for family size, of not more than 150 per-
12 cent of the poverty line (as defined in section 673(2)
13 of the Community Services Block Grant Act (42
14 U.S.C. 9902(2)), including any revision required by
15 that section).

16 **“SEC. 173. ESTABLISHMENT OF PROGRAM.**

17 “The Administrator shall establish a microenterprise
18 technical assistance and capacity building grant program
19 to provide assistance from the Administration in the form
20 of grants to qualified organizations in accordance with this
21 subtitle.

22 **“SEC. 174. USES OF ASSISTANCE.**

23 “A qualified organization shall use grants made
24 under this subtitle—

1 “(1) to provide training and technical assist-
2 ance to disadvantaged entrepreneurs;

3 “(2) to provide training and capacity building
4 services to microenterprise development organiza-
5 tions and programs and groups of such organiza-
6 tions to assist such organizations and programs in
7 developing microenterprise training and services;

8 “(3) to aid in researching and developing the
9 best practices in the field of microenterprise and
10 technical assistance programs for disadvantaged en-
11 trepreneurs; and

12 “(4) for such other activities as the Adminis-
13 trator determines are consistent with the purposes of
14 this subtitle.

15 **“SEC. 175. QUALIFIED ORGANIZATIONS.**

16 “For purposes of eligibility for assistance under this
17 subtitle, a qualified organization shall be—

18 “(1) a nonprofit microenterprise development
19 organization or program (or a group or collaborative
20 thereof) that has a demonstrated record of delivering
21 microenterprise services to disadvantaged entre-
22 preneurs;

23 “(2) an intermediary;

24 “(3) a microenterprise development organiza-
25 tion or program that is accountable to a local com-

1 munity, working in conjunction with a State or local
2 government or Indian tribe; or

3 “(4) an Indian tribe acting on its own, if the
4 Indian tribe can certify that no private organization
5 or program referred to in this paragraph exists with-
6 in its jurisdiction.

7 **“SEC. 176. ALLOCATION OF ASSISTANCE; SUBGRANTS.**

8 “(a) ALLOCATION OF ASSISTANCE.—

9 “(1) IN GENERAL.—The Administrator shall al-
10 locate assistance from the Administration under this
11 subtitle to ensure that—

12 “(A) activities described in section 174(1)
13 are funded using not less than 75 percent of
14 amounts made available for such assistance;
15 and

16 “(B) activities described in section 174(2)
17 are funded using not less than 15 percent of
18 amounts made available for such assistance.

19 “(2) LIMIT ON INDIVIDUAL ASSISTANCE.—No
20 single person may receive more than 10 percent of
21 the total funds appropriated under this subtitle in a
22 single fiscal year.

23 “(b) TARGETED ASSISTANCE.—The Administrator
24 shall ensure that not less than 50 percent of the grants
25 made under this subtitle are used to benefit very low-in-

1 come persons, including those residing on Indian reserva-
2 tions.

3 “(c) SUBGRANTS AUTHORIZED.—

4 “(1) IN GENERAL.—A qualified organization re-
5 ceiving assistance under this subtitle may provide
6 grants using that assistance to qualified small and
7 emerging microenterprise organizations and pro-
8 grams, subject to such rules and regulations as the
9 Administrator determines to be appropriate.

10 “(2) LIMIT ON ADMINISTRATIVE EXPENSES.—

11 Not more than 7.5 percent of assistance received by
12 a qualified organization under this subtitle may be
13 used for administrative expenses in connection with
14 the making of subgrants under paragraph (1).

15 “(d) DIVERSITY.—In making grants under this sub-
16 title, the Administrator shall ensure that grant recipients
17 include both large and small microenterprise organiza-
18 tions, serving urban, rural, and Indian tribal communities
19 serving diverse populations.

20 “(e) PROHIBITION ON PREFERENTIAL CONSIDER-

21 ATION OF CERTAIN SBA PROGRAM PARTICIPANTS.—In
22 making grants under this subtitle, the Administrator shall
23 ensure that any application made by a qualified organiza-
24 tion that is a participant in the program established under
25 section 7(m) of the Small Business Act does not receive

1 preferential consideration over applications from other
2 qualified organizations that are not participants in such
3 program.

4 **“SEC. 177. MATCHING REQUIREMENTS.**

5 “(a) IN GENERAL.—Financial assistance under this
6 subtitle shall be matched with funds from sources other
7 than the Federal Government on the basis of not less than
8 50 percent of each dollar provided by the Administration.

9 “(b) SOURCES OF MATCHING FUNDS.—Fees, grants,
10 gifts, funds from loan sources, and in-kind resources of
11 a grant recipient from public or private sources may be
12 used to comply with the matching requirement in sub-
13 section (a).

14 “(c) EXCEPTION.—

15 “(1) IN GENERAL.—In the case of an applicant
16 for assistance under this subtitle with severe con-
17 straints on available sources of matching funds, the
18 Administrator may reduce or eliminate the matching
19 requirements of subsection (a).

20 “(2) LIMITATION.—Not more than 10 percent
21 of the total funds made available from the Adminis-
22 tration in any fiscal year to carry out this subtitle
23 may be excepted from the matching requirements of
24 subsection (a), as authorized by paragraph (1) of
25 this subsection.

1 **“SEC. 178. APPLICATIONS FOR ASSISTANCE.**

2 “An application for assistance under this subtitle
3 shall be submitted in such form and in accordance with
4 such procedures as the Administrator shall establish.

5 **“SEC. 179. RECORDKEEPING.**

6 “The requirements of section 115 shall apply to a
7 qualified organization receiving assistance from the Ad-
8 ministration under this subtitle as if it were a community
9 development financial institution receiving assistance from
10 the Fund under subtitle A.

11 **“SEC. 180. AUTHORIZATION.**

12 “In addition to funds otherwise authorized to be ap-
13 propriated to the Fund to carry out this title, there are
14 authorized to be appropriated to the Administrator to
15 carry out this subtitle—

16 “(1) \$15,000,000 for fiscal year 2000;

17 “(2) \$15,000,000 for fiscal year 2001;

18 “(3) \$15,000,000 for fiscal year 2002; and

19 “(4) \$15,000,000 for fiscal year 2003.

20 **“SEC. 181. IMPLEMENTATION.**

21 “The Administrator shall, by regulation, establish
22 such requirements as may be necessary to carry out this
23 subtitle.”.

1 **SEC. 726. FEDERAL RESERVE AUDITS.**

2 The Federal Reserve Act (12 U.S.C. 221 et seq.) is
3 amended by inserting after section 11A the following new
4 section:

5 **“SEC. 11B. ANNUAL INDEPENDENT AUDITS OF FEDERAL**
6 **RESERVE BANKS AND BOARD.**

7 “The Board shall order an annual independent audit
8 of the financial statements of each Federal reserve bank
9 and the Board.”.

10 **SEC. 727. AUTHORIZATION TO RELEASE REPORTS.**

11 (a) FEDERAL RESERVE ACT.—The eighth undesig-
12 nated paragraph of section 9 of the Federal Reserve Act
13 (12 U.S.C. 326) is amended by striking the last sentence
14 and inserting the following: “The Board of Governors of
15 the Federal Reserve System, at its discretion, may furnish
16 any report of examination or other confidential super-
17 visory information concerning any State member bank or
18 other entity examined under any other authority of the
19 Board, to any Federal or State agency or authority with
20 supervisory or regulatory authority over the examined en-
21 tity, to any officer, director, or receiver of the examined
22 entity, and to any other person that the Board determines
23 to be proper.”.

24 (b) COMMODITY FUTURES TRADING COMMISSION.—
25 The Right to Financial Privacy Act of 1978 (12 U.S.C.
26 3401 et seq.) is amended—

1 (1) in section 1101(7)—

2 (A) by redesignating subparagraphs (G)
3 and (H) as subparagraphs (H) and (I), respec-
4 tively; and

5 (B) by inserting after subparagraph (F)
6 the following new subparagraph:

7 “(G) the Commodity Futures Trading
8 Commission;”; and

9 (2) in section 1112(e), by striking “and the Se-
10 curities and Exchange Commission” and inserting “,
11 the Securities and Exchange Commission, and the
12 Commodity Futures Trading Commission”.

13 **SEC. 728. GENERAL ACCOUNTING OFFICE STUDY OF CON-**
14 **FLICTS OF INTEREST.**

15 (a) **STUDY REQUIRED.**—The Comptroller General of
16 the United States shall conduct a study analyzing the con-
17 flict of interest faced by the Board of Governors of the
18 Federal Reserve System between its role as a primary reg-
19 ulator of the banking industry and its role as a vendor
20 of services to the banking and financial services industry.

21 (b) **SPECIFIC CONFLICT REQUIRED TO BE AD-**
22 **DRESSED.**—In the course of the study required under sub-
23 section (a), the Comptroller General shall address the con-
24 flict of interest faced by the Board of Governors of the
25 Federal Reserve System between the role of the Board as

1 a regulator of the payment system, generally, and its par-
2 ticipation in the payment system as a competitor with pri-
3 vate entities who are providing payment services.

4 (c) REPORT TO THE CONGRESS.—Before the end of
5 the 1-year period beginning on the date of the enactment
6 of this Act, the Comptroller General shall submit a report
7 to the Congress containing the findings and conclusions
8 of the Comptroller General in connection with the study
9 required under this section, together with such rec-
10 ommendations for such legislative or administrative ac-
11 tions as the Comptroller General may determine to be ap-
12 propriate, including recommendations for resolving any
13 such conflict of interest.

14 **SEC. 729. STUDY AND REPORT ON ADAPTING EXISTING**
15 **LEGISLATIVE REQUIREMENTS TO ONLINE**
16 **BANKING AND LENDING.**

17 (a) STUDY REQUIRED.—The Federal banking agen-
18 cies shall conduct a study of banking regulations regard-
19 ing the delivery of financial services, including those regu-
20 lations that may assume that there will be person-to-per-
21 son contact during the course of a financial services trans-
22 action, and report their recommendations on adapting
23 those existing requirements to online banking and lending.

24 (b) REPORT REQUIRED.—Before the end of the 2-
25 year period beginning on the date of the enactment of this

1 Act, the Federal banking agencies shall submit a report
2 to the Congress on the findings and conclusions of the
3 agencies with respect to the study required under sub-
4 section (a), together with such recommendations for legis-
5 lative or regulatory action as the agencies may determine
6 to be appropriate.

7 (c) DEFINITION.—For purposes of this section, the
8 term “Federal banking agencies” means each Federal
9 banking agency (as defined in section 3(z) of the Federal
10 Deposit Insurance Act).

11 **SEC. 730. CLARIFICATION OF SOURCE OF STRENGTH DOC-**
12 **TRINE.**

13 Section 18 of the Federal Deposit Insurance Act (21
14 U.S.C. 1828) is amended by adding at the end the fol-
15 lowing new subsection:

16 “(t) LIMITATION ON CLAIMS.—

17 “(1) IN GENERAL.—No person may bring a
18 claim against any Federal banking agency (including
19 in its capacity as conservator or receiver) for the re-
20 turn of assets of an affiliate or controlling share-
21 holder of the insured depository institution trans-
22 ferred to, or for the benefit of, an insured depository
23 institution by such affiliate or controlling share-
24 holder of the insured depository institution, or a
25 claim against such Federal banking agency for mon-

1 etary damages or other legal or equitable relief in
2 connection with such transfer, if at the time of the
3 transfer—

4 “(A) the insured depository institution is
5 subject to any direction issued in writing by a
6 Federal banking agency to increase its capital;

7 “(B) the insured depository institution is
8 undercapitalized (as defined in section 38 of
9 this Act); and

10 “(C) for that portion of the transfer that
11 is made by an entity covered by section 5(g) of
12 the Bank Holding Company Act of 1956 or sec-
13 tion 45 of this Act, the Federal banking agency
14 has followed the procedure set forth in such
15 section.

16 “(2) DEFINITION OF CLAIM.—For purposes of
17 paragraph (1), the term ‘claim’—

18 “(A) means a cause of action based on
19 Federal or State law that—

20 “(i) provides for the avoidance of
21 preferential or fraudulent transfers or con-
22 veyances; or

23 “(ii) provides similar remedies for
24 preferential or fraudulent transfers or con-
25 veyances; and

1 “(B) does not include any claim based on
2 actual intent to hinder, delay, or defraud pursu-
3 ant to such a fraudulent transfer or conveyance
4 law.”.

5 **SEC. 731. INTEREST RATES AND OTHER CHARGES AT**
6 **INTERSTATE BRANCHES.**

7 Section 44 of the Federal Deposit Insurance Act (12
8 U.S.C. 1831u) is amended—

9 (1) by redesignating subsection (f) as sub-
10 section (g); and

11 (2) by inserting after subsection (e) the fol-
12 lowing new subsection:

13 “(f) APPLICABLE RATE AND OTHER CHARGE LIM-
14 TATIONS.—

15 “(1) IN GENERAL.—In the case of any State
16 that has a constitutional provision that sets a max-
17 imum lawful annual percentage rate of interest on
18 any contract at not more than 5 percent above the
19 discount rate for 90-day commercial paper in effect
20 at the Federal reserve bank for the Federal reserve
21 district in which such State is located, except as pro-
22 vided in paragraph (2), upon the establishment in
23 such State of a branch of any out-of-State insured
24 depository institution in such State under this sec-
25 tion, the maximum interest rate or amount of inter-

1 est, discount points, finance charges, or other simi-
2 lar charges that may be charged, taken, received, or
3 reserved from time to time in any loan or discount
4 made or upon any note, bill of exchange, financing
5 transaction, or other evidence of debt by any insured
6 depository institution whose home State is such
7 State shall be equal to not more than the greater
8 of—

9 “(A) the maximum interest rate or amount
10 of interest, discount points, finance charges, or
11 other similar charges that may be charged,
12 taken, received, or reserved in a similar trans-
13 action under the constitution, statutory, or
14 other laws of the home State of the out-of-State
15 insured depository institution establishing any
16 such branch, without reference to this section,
17 as such maximum interest rate or amount of in-
18 terest may change from time to time; or

19 “(B) the maximum rate or amount of in-
20 terest, discount points, finance charges, or
21 other similar charges that may be charged,
22 taken, received, or reserved in a similar trans-
23 action by a State insured depository institution
24 chartered under the laws of such State or a na-
25 tional bank or Federal savings association

1 whose main office is located in such State with-
2 out reference to this section.

3 “(2) RULE OF CONSTRUCTION.—No provision
4 of this subsection shall be construed as superseding
5 or affecting—

6 “(A) the authority of any insured deposi-
7 tory institution to take, receive, reserve, and
8 charge interest on any loan made in any State
9 other than the State referred to in paragraph
10 (1); or

11 “(B) the applicability of section 501 of the
12 Depository Institutions Deregulation and Mone-
13 tary Control Act of 1980, section 5197 of the
14 Revised Statutes of the United States, or sec-
15 tion 27 of this Act.”.

16 **SEC. 732. INTERSTATE BRANCHES AND AGENCIES OF FOR-**
17 **EIGN BANKS.**

18 Section 5(a)(7) of the International Banking Act of
19 1978 (12 U.S.C. 3103(a)(7)) is amended to read as fol-
20 lows:

21 “(7) ADDITIONAL AUTHORITY FOR INTERSTATE
22 BRANCHES AND AGENCIES OF FOREIGN BANKS, UP-
23 GRADES OF CERTAIN FOREIGN BANK AGENCIES AND
24 BRANCHES.—Notwithstanding paragraphs (1) and
25 (2), a foreign bank may—

1 “(A) with the approval of the Board and
2 the Comptroller of the Currency, establish and
3 operate a Federal branch or Federal agency or,
4 with the approval of the Board and the appro-
5 priate State bank supervisor, a State branch or
6 State agency in any State outside the foreign
7 bank’s home State if—

8 “(i) the establishment and operation
9 of such branch or agency is permitted by
10 the State in which the branch or agency is
11 to be established; and

12 “(ii) in the case of a Federal or State
13 branch, the branch receives only such de-
14 posits as would be permitted for a corpora-
15 tion organized under section 25A of the
16 Federal Reserve Act; or

17 “(B) with the approval of the Board and
18 the relevant licensing authority (the Comp-
19 troller in the case of a Federal branch or the
20 appropriate State supervisor in the case of a
21 State branch), upgrade an agency, or a branch
22 of the type referred to in subparagraph (A)(ii),
23 located in a State outside the foreign bank’s
24 home State, into a Federal or State branch if—

1 “(i) the establishment and operation
2 of such branch is permitted by such State;
3 and

4 “(ii) such agency or branch—
5 “(I) was in operation in such
6 State on the day before September 29,
7 1994; or

8 “(II) has been in operation in
9 such State for a period of time that
10 meets the State’s minimum age re-
11 quirement permitted under section
12 44(a)(5) of the Federal Deposit Insur-
13 ance Act.”.

14 **SEC. 733. FAIR TREATMENT OF WOMEN BY FINANCIAL AD-**
15 **VISERS.**

16 It is the sense of the Congress that individuals offer-
17 ing financial advice and products should offer such serv-
18 ices and products in a nondiscriminatory, nongender-spe-
19 cific manner.

20 **SEC. 734. MEMBERSHIP OF LOAN GUARANTEE BOARDS.**

21 (a) EMERGENCY STEEL LOAN GUARANTEE
22 BOARD.—Section 101(e) of the Emergency Steel Loan
23 Guarantee Act of 1999 is amended—

24 (1) in paragraph (2), by inserting “, or a mem-
25 ber of the Board of Governors of the Federal Re-

1 serve System designated by the Chairman” after
2 “the Chairman of the Board of Governors of the
3 Federal Reserve System”; and

4 (2) in paragraph (3), by inserting “, or a com-
5 missioner of the Securities and Exchange Commis-
6 sion designated by the Chairman” before the period.

7 (b) EMERGENCY OIL AND GAS LOAN GUARANTEE
8 BOARD.—Section 201(d)(2) of the Emergency Oil and
9 Gas Guarantee Loan Program Act is amended—

10 (1) in subparagraph (B), by inserting “, or a
11 member of the Board of Governors of the Federal
12 Reserve System designated by the Chairman” after
13 “the Chairman of the Board of Governors of the
14 Federal Reserve System”; and

15 (2) in subparagraph (C), by inserting “, or a
16 commissioner of the Securities and Exchange Com-
17 mission designated by the Chairman” before the pe-
18 riod.

19 **SEC. 735. REPEAL OF STOCK LOAN LIMIT IN FEDERAL RE-**
20 **SERVE ACT.**

21 Section 11 of the Federal Reserve Act (12 U.S.C.
22 248) is amended by striking the paragraph designated as
23 “(m)” and inserting “(m) [Repealed]”.

1 **SEC. 736. ELIMINATION OF SAIF AND DIF SPECIAL RE-**
2 **SERVES.**

3 (a) SAIF SPECIAL RESERVE.—Section 11(a)(6) of
4 the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(6))
5 is amended by striking subparagraph (L).

6 (b) DIF SPECIAL RESERVE.—Section 2704 of the
7 Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821
8 note) is amended—

9 (1) by striking subsection (b); and

10 (2) in subsection (d)—

11 (A) by striking paragraph (4);

12 (B) in paragraph (6)(C)(i), by striking
13 “(6) and (7)” and inserting “(5), (6), and (7)”;
14 and

15 (C) in paragraph (6)(C), by striking clause
16 (ii) and inserting the following:

17 “(ii) by redesignating paragraph (8)
18 as paragraph (5).”.

19 (c) EFFECTIVE DATE.—This section and the amend-
20 ments made by this section shall become effective on the
21 date of the enactment of this Act.

22 **SEC. 737. BANK OFFICERS AND DIRECTORS AS OFFICERS**
23 **AND DIRECTORS OF PUBLIC UTILITIES.**

24 Section 305(b) of the Federal Power Act (16 U.S.C.
25 825d(b)) is amended—

1 (1) by striking “(b) After six” and inserting the
2 following:

3 “(b) INTERLOCKING DIRECTORATES.—

4 “(1) IN GENERAL.—After 6”; and

5 (2) by adding at the end the following:

6 “(2) APPLICABILITY.—

7 “(A) IN GENERAL.—In the circumstances
8 described in subparagraph (B), paragraph (1)
9 shall not apply to a person that holds or pro-
10 poses to hold the positions of—

11 “(i) officer or director of a public util-
12 ity; and

13 “(ii) officer or director of a bank,
14 trust company, banking association, or
15 firm authorized by law to underwrite or
16 participate in the marketing of securities
17 of a public utility.

18 “(B) CIRCUMSTANCES.—The cir-
19 cumstances described in this subparagraph are
20 that—

21 “(i) a person described in subpara-
22 graph (A) does not participate in any de-
23 liberations or decisions of the public utility
24 regarding the selection of a bank, trust
25 company, banking association, or firm to

1 underwrite or participate in the marketing
2 of securities of the public utility, if the per-
3 son serves as an officer or director of a
4 bank, trust company, banking association,
5 or firm that is under consideration in the
6 deliberation process;

7 “(ii) the bank, trust company, bank-
8 ing association, or firm of which the per-
9 son is an officer or director does not en-
10 gage in the underwriting of, or participate
11 in the marketing of, securities of the public
12 utility of which the person holds the posi-
13 tion of officer or director;

14 “(iii) the public utility for which the
15 person serves or proposes to serve as an
16 officer or director selects underwriters by
17 competitive procedures; or

18 “(iv) the issuance of securities the
19 public utility for which the person serves
20 or proposes to serve as an officer or direc-
21 tor has been approved by all Federal and
22 State regulatory agencies having jurisdic-
23 tion over the issuance.”.

1 **SEC. 738. APPROVAL FOR PURCHASES OF SECURITIES.**

2 Section 23B(b)(2) of the Federal Reserve Act (12
3 U.S.C. 371c-1) is amended to read as follows:

4 “Subparagraph (B) of paragraph (1) shall not apply
5 if the purchase or acquisition of such securities has been
6 approved, before such securities are initially offered for
7 sale to the public, by a majority of the directors of the
8 bank based on a determination that the purchase is a
9 sound investment for the bank irrespective of the fact that
10 an affiliate of the bank is a principal underwriter of the
11 securities.”.

12 **SEC. 739. OPTIONAL CONVERSION OF FEDERAL SAVINGS**
13 **ASSOCIATIONS.**

14 Section 5(i) of the Home Owners’ Loan Act (12
15 U.S.C. 1464(i)) is amended by adding at the end the fol-
16 lowing new paragraph:

17 “(5) CONVERSION TO NATIONAL OR STATE
18 BANK.—

19 “(A) IN GENERAL.—Any Federal savings
20 association chartered and in operation before
21 the date of the enactment of the Gramm-Leach-
22 Bliley Act, with branches in operation before
23 such date of enactment in 1 or more States,
24 may convert, at its option, with the approval of
25 the Comptroller of the Currency or the appro-
26 priate State bank supervisor, into 1 or more na-

1 tional or State banks, each of which may en-
2 compass 1 or more of the branches of the Fed-
3 eral savings association in operation before such
4 date of enactment in 1 or more States, but only
5 if each resulting national or State bank will
6 meet all financial, management, and capital re-
7 quirements applicable to the resulting national
8 or State bank.

9 “(B) DEFINITIONS.—For purposes of this
10 paragraph, the terms ‘State bank’ and ‘State
11 bank supervisor’ have the meanings given those
12 terms in section 3 of the Federal Deposit Insur-
13 ance Act.”.

14 **SEC. 740. GRAND JURY PROCEEDINGS.**

15 Section 3322(b) of title 18, United States Code, is
16 amended—

17 (1) in paragraph (1), by inserting “Federal or
18 State” before “financial institution”; and

19 (2) in paragraph (2), by inserting “at any time
20 during or after the completion of the investigation of
21 the grand jury,” before “upon”.

 And the House agree to the same.

 That the House recede from its amendment to the title of the
bill.